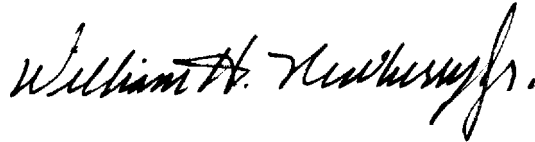
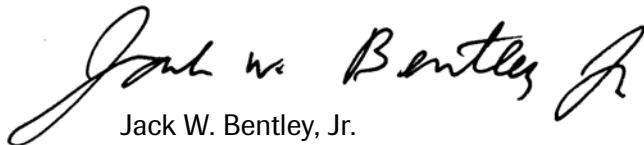


THIRD QUARTER 2005

Management's Discussion and Analysis of Financial Condition and Results of Operations.....	2
Consolidated Financial Statements	
Consolidated Balance Sheets.....	4
Consolidated Statements of Income.....	5
Consolidated Statements of Changes in Members' Equity.....	6
Notes to the Consolidated Financial Statements.....	7



William H. Newberry, Jr.
Chief Executive Officer



Jack W. Bentley, Jr.
Chairman of the Board

October 28, 2005

Management's Discussion and Analysis of Financial Condition and Results of Operations

(dollars in thousands)

The following commentary reviews the financial condition and results of operations of AgGeorgia Farm Credit, ACA (Association) for the period ended September 30, 2005. These comments should be read in conjunction with the accompanying consolidated financial statements, notes to the consolidated financial statements and the 2004 Annual Report of the Association.

LOAN PORTFOLIO

The Association provides funds to farmers, rural homeowners and farm-related businesses for financing of short and intermediate-term loans and long-term real estate mortgage loans. The Association's loan portfolio is diversified over a range of agricultural commodities including poultry, cotton, timber, peanuts and livestock. Farm size varies and many of the borrowers in the region have diversified farming operations. This factor, along with the numerous opportunities for non-farm income in the area, somewhat reduces the level of dependency on any single commodity.

The gross loan volume of the Association as of September 30, 2005, was \$918,246, an increase of \$129,417, as compared to \$788,829 at December 31, 2004. Net loans outstanding at September 30, 2005, were \$906,010 as compared to \$776,515 at December 31, 2004. Net loans accounted for 94.95 percent of total assets at September 30, 2005, as compared to 94.42 percent of total assets at December 31, 2004. The increase in gross and net loan volume during the reporting period is partly attributable to operating loans for row crop operations and financing for new poultry house construction.

There is an inherent risk in the extension of any type of credit. Portfolio credit quality continues to be maintained at an acceptable level, however, and credit administration remains satisfactory. Nonaccrual loans decreased slightly from \$17,889 at December 31, 2004, to \$17,412 at September 30, 2005.

Association management maintains an allowance for loan losses in an amount considered sufficient to absorb possible losses in the loan portfolio based on current and expected future conditions. The allowance for loan losses at September 30, 2005, was \$12,236 compared to \$12,314 at December 31, 2004, and was considered by management to be adequate to cover probable losses.

RESULTS OF OPERATIONS

For the three months ended September 30, 2005

Net income for the three months ended September 30, 2005, totaled \$5,911, as compared to \$4,369 for the same period in 2004. Net interest income increased \$1,459 for the three months ended September 30, 2005, as compared to the same period in 2004. Increased interest margins and higher loan volume are the primary reasons for this increase in net interest income.

Noninterest income for the three months ended September 30, 2005, totaled \$1,959, as compared to \$1,722 for the same period of 2004, an increase of \$237. The increase is primarily in the area of estimated patronage income from other Farm Credit institutions. Noninterest expense for the three months ended September 30, 2005, increased \$299 compared to the same period of 2004. The primary reason for the increase in noninterest expense is an increase in the amount of premium owed to the Farm Credit System Insurance Corporation.

For the nine months ended September 30, 2005

Net income for the nine months ended September 30, 2005, totaled \$15,570, as compared to \$11,519 for the same period in 2004. At September 30, 2005, net interest income increased by \$3,485 or 20.08 percent compared to September 30, 2004. Interest income on loans increased by \$8,996 and interest expense increased by \$5,511. This change in net interest income is the result of increased interest margins and higher loan volume.

Nonaccrual income was \$1,332 for the nine months ended September 30, 2005, as compared to \$977 for the same period in 2004. The Association recorded a reversal of loan loss of \$98 for the nine months ended September 30, 2005, as compared to \$0 for the same period in 2004. As discussed in the 2004 Annual Report, the Association recorded a loan loss reversal of \$9,028 in the fourth quarter of 2004 that resulted in a significant decrease in the allowance for loan losses. Please refer to the 2004 Annual Report of the Association for a more detailed explanation of this change in accounting estimate.

Noninterest income for the nine months ended September 30, 2005, totaled \$5,814, as compared to \$5,039 for the same period of 2004, an increase of \$775. The increase is primarily in the area of estimated patronage income from other Farm Credit institutions. Noninterest expense for the nine months ended September 30, 2005, increased \$366 compared to the same period of 2004, primarily due to an increase in salaries and employee benefit expenses.

FUNDING SOURCES

The principal source of funds for the Association is the borrowing relationship established with AgFirst Farm Credit Bank (the Bank) through a General Financing Agreement. The General Financing Agreement utilizes the Association's credit and fiscal performance as criteria for establishing a line of credit on which the Association may draw funds. The Bank advances funds to the Association in the form of notes payable. The notes payable are segmented into variable rate and fixed rate sections. The variable rate note is utilized by the Association to fund variable rate loan advances and operating funds requirements. The fixed rate note is used specifically to fund fixed rate loan advances made by the Association. The total notes payable to the Bank at September 30, 2005, was \$797,460 as compared to \$668,125 at December 31, 2004.

CAPITAL RESOURCES

Total members' equity at September 30, 2005, increased to \$141,389 from the December 31, 2004, total of \$134,626. The increase is primarily attributed to the retained earnings accumulated being more than the combined (1) revolvment of surplus and (2) retirement of stock.

Total capital stock and participation certificates were \$4,649 on September 30, 2005, compared to \$4,722 on December 31, 2004. This decrease is attributed to the retirement of protected stock and participation certificates on loans liquidated in the normal course of business.

Farm Credit Administration (FCA) regulations require all Farm Credit institutions to maintain minimum permanent capital, total surplus and core surplus ratios. These ratios are calculated by dividing the Association's permanent capital, total surplus and core surplus as defined in FCA regulations, by a risk-adjusted asset base. As of September 30, 2005, the Association's total surplus ratio and core surplus ratio were 14.04 percent and 9.35 percent, respectively, and the permanent capital ratio was 14.50 percent. All three ratios were well above the minimum regulatory ratios of 7.00 percent for permanent capital and total surplus ratios and 3.50 percent for the core surplus ratio.

NOTE: Shareholder investment in the Association could be affected by the financial condition and results of operations of AgFirst Farm Credit Bank. Copies of AgFirst's annual and quarterly reports are available upon request free of charge by calling 1-800-845-1745, ext. 378, or writing Jay Wise, AgFirst Farm Credit Bank, P.O. Box 1499, Columbia SC 29202. Information concerning AgFirst Farm Credit Bank can also be obtained at their website, www.agfirst.com. Copies of the Association's annual and quarterly reports are also available upon request free of charge by calling 770-536-3660, writing Chris Scott, Chief Financial Officer, AgGeorgia Farm Credit, ACA, P.O. Box 2536, Gainesville GA 30503, or accessing the website, www.aggeorgia.com. The Association prepares a quarterly report within 45 days after the end of each fiscal quarter, except that no report need be prepared for the fiscal quarter that coincides with the end of the fiscal year of the institution.

Ag Georgia Farm Credit, ACA
Consolidated Balance Sheets

<i>(dollars in thousands)</i>	September 30, 2005 <i>(unaudited)</i>	December 31, 2004 <i>(audited)</i>
Assets		
Cash	\$ 2,195	\$ 3,806
Loans	918,246	788,829
Less: allowance for loan losses	12,236	12,314
Net loans	906,010	776,515
Accrued interest receivable	16,107	9,602
Investment in other Farm Credit institutions	9,718	9,555
Premises and equipment, net	5,055	5,195
Other assets	15,093	17,758
Total assets	<u>\$ 954,178</u>	<u>\$ 822,431</u>
Liabilities		
Notes payable to AgFirst Farm Credit Bank	\$ 797,460	\$ 668,125
Accrued interest payable	3,082	2,310
Patronage refund payable	133	4,425
Postretirement benefits other than pensions	6,077	5,550
Other liabilities	6,037	7,395
Total liabilities	<u>812,789</u>	<u>687,805</u>
Commitments and contingencies		
Members' Equity		
Protected borrower equity	660	840
Capital stock and participation certificates	3,989	3,882
Retained earnings		
Allocated	72,569	81,438
Unallocated	64,171	48,466
Total members' equity	<u>141,389</u>	<u>134,626</u>
Total liabilities and members' equity	<u>\$ 954,178</u>	<u>\$ 822,431</u>

The accompanying notes are an integral part of these financial statements.

Ag Georgia Farm Credit, ACA
Consolidated Statements of Income

(unaudited)

<i>(dollars in thousands)</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2005	2004	2005	2004
Interest Income				
Loans	\$ 16,530	\$ 12,587	\$ 44,500	\$ 35,504
Interest Expense				
Notes payable to AgFirst Farm Credit Bank	8,967	6,483	23,659	18,148
Net interest income	7,563	6,104	20,841	17,356
Provision for (reversal of) loan losses	(176)	—	(98)	—
Net interest income after provision for (reversal of) loan losses	7,739	6,104	20,939	17,356
Noninterest Income				
Loan fees	237	265	1,050	996
Fees for financially related services	53	33	138	85
Equity in earnings of other Farm Credit institutions	1,654	1,402	4,512	3,839
Gains (losses) on other property owned, net	—	15	1	17
Other noninterest income	15	7	113	102
Total noninterest income	1,959	1,722	5,814	5,039
Noninterest Expense				
Salaries and employee benefits	2,635	2,569	7,980	7,770
Occupancy and equipment	270	271	791	764
Insurance Fund premium	155	(69)	325	307
Other operating expenses	726	716	2,034	1,923
Total noninterest expense	3,786	3,487	11,130	10,764
Income before income taxes	5,912	4,339	15,623	11,631
Provision (benefit) for income taxes	1	(30)	53	112
Net income	\$ 5,911	\$ 4,369	\$ 15,570	\$ 11,519

The accompanying notes are an integral part of these financial statements.

Ag Georgia Farm Credit, ACA
**Consolidated Statements of Changes in
Members' Equity**

(unaudited)

(dollars in thousands)

	Protected Borrower Capital	Capital Stock and Participation Certificates	Retained Earnings		Accumulated Other Comprehensive Income	Total Members' Equity
			Allocated	Unallocated		
Balance at December 31, 2003	\$ 1,097	\$ 3,762	\$ 81,420	\$ 34,410	\$ (7,412)	\$ 113,277
Net income				11,519		11,519
Protected borrower equity retired	(230)					(230)
Capital stock/participation certificates issued		297				297
Capital stock/participation certificates retired		(195)				(195)
Retained earnings retired			(9,457)			(9,457)
Distribution adjustment			(473)	670		197
Balance at September 30, 2004	\$ 867	\$ 3,864	\$ 71,490	\$ 46,599	\$ (7,412)	\$ 115,408
Balance at December 31, 2004	\$ 840	\$ 3,882	\$ 81,438	\$ 48,466	\$ —	\$ 134,626
Net income				15,570		15,570
Protected borrower equity retired	(180)					(180)
Capital stock/participation certificates issued		326				326
Capital stock/participation certificates retired		(219)				(219)
Retained earnings retired			(8,770)			(8,770)
Distribution adjustment			(99)	135		36
Balance at September 30, 2005	\$ 660	\$ 3,989	\$ 72,569	\$ 64,171	\$ —	\$ 141,389

The accompanying notes are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

(dollars in thousands, except as noted)
(unaudited)

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and operations of AgGeorgia Farm Credit, ACA (the Association), the significant accounting policies followed, and the financial condition and results of operations as of and for the year ended December 31, 2004, are contained in the 2004 Annual Report to Shareholders. These unaudited third quarter 2005 consolidated financial statements should be read in conjunction with the 2004 Annual Report to Shareholders.

As disclosed in the 2004 Annual report, pursuant to a plan of restructuring approved by the Farm Credit Administration and Association shareholders, the Association reorganized its existing organizational structure effective January 1, 2005. Pursuant to this restructuring, a Federal Land Credit Association (FLCA) and a Production Credit Association (PCA) were formed as wholly owned subsidiaries of the Association. The formation of these subsidiaries enables the Association to take advantage of the tax-exempt status of net income from long-term mortgage operations of the FLCA. This restructuring was accounted for as a reorganization of entities under common control similar to a pooling of interests.

Prior to the restructuring, the Association was subject to federal and state income tax. As a result of the restructuring, long-term lending activity was separated into a wholly owned FLCA subsidiary, which is exempt from federal and state income tax. The ACA, which is the holding company, along with the wholly owned PCA subsidiary, will continue to be subject to income tax.

The accompanying consolidated financial statements contain all adjustments necessary for a fair presentation of the interim financial condition and results of operations and conform with generally accepted accounting principles. The results for the nine months ended September 30, 2005, are not necessarily indicative of the results to be expected for the year ending December 31, 2005.

Certain amounts in prior period consolidated financial statements have been reclassified to conform to current consolidated financial statement presentation. Such reclassifications had no effect on the prior period net income or total capital as previously reported.

The Association maintains an allowance for loan losses in accordance with generally accepted accounting principles. The loan portfolio is reviewed quarterly to determine the adequacy of the allowance for losses. As of September 30, 2005, the allowance for losses is adequate in management's opinion to provide for possible losses on existing loans.

NOTE 2 – ALLOWANCE FOR LOAN LOSSES

An analysis of the allowance for loan losses follows:

Balance at 12-31-03	\$ 21,216
(Reversal of) provision for loan losses	–
Recoveries, net of loans charged off	<u>144</u>
Balance at 9-30-04	<u>\$ 21,360</u>
Balance at 12-31-04	\$ 12,314
(Reversal of) provision for loan losses	(98)
Recoveries, net of loans charged off	<u>20</u>
Balance at 9-30-05	<u>\$ 12,236</u>

As discussed in the 2004 Annual Report, the Association recorded a loan loss reversal of \$9,028 in the fourth quarter of 2004 that resulted in a decrease in the allowance for loan losses.

NOTE 3 – EMPLOYEE BENEFIT PLANS

The Association participates in a Districtwide defined benefit retirement plan. The costs of the plan are not segregated by participating entities but are allocated among the participating entities. Pension costs are allocated by multiplying the District's net pension expense times each institution's salary expense as a percentage of the District's salary expense. The Association also participates in Districtwide Thrift and other postretirement benefit plans.

The following is a table of retirement and postretirement benefit expense for the nine months ended September 30, 2005:

	For the nine months ended September 30,	
	2005	2004
Pension	\$ 865	\$ 1,012
Thrift/deferred compensation	142	138
Other postretirement benefits	<u>844</u>	<u>950</u>
Total	<u>\$ 1,851</u>	<u>\$ 2,100</u>

The Association had not previously anticipated making a contribution in 2005 to the defined benefit retirement plan based upon actuarial projections as of the last plan measurement date (September 30, 2004). However, due to market conditions affecting discount rates and return on plan assets, current actuarial projections indicated that a contribution was needed to meet the expected accumulated benefit obligation at September 30, 2005. During the third quarter of 2005, the Association contributed \$1,563 to the defined benefit retirement plan. The Association does not anticipate making additional contributions for the remainder of 2005.

The Association also sponsors a supplemental retirement plan for certain key employees. The expenses of this plan are included in the pension costs above. The Association contributed \$23 to this plan during the first nine months of 2005. The Association anticipates making additional contributions of \$8 to the supplemental retirement plan during the remainder of 2005.